

THE PEOPLE • THE BUILDING • THE HISTORY

# **LA BORSA**

**THE PEOPLE • THE BUILDING • THE HISTORY**



Edited by Giovanni Bonello

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# Contents

<b>Foreword</b> : Giovanni Bonello	VI - VII
<b>A Message from the President</b> : David G Curmi	VIII - IX
<b>Past Presidents</b>	X - XI
 <b>Section One : History of the Malta Chamber</b>	 2 - 39
A History of The Malta Chamber - Robert Micallef	
The Chamber and Malta's Bankers - John A Consiglio	
The <i>Borsa</i> , a Social Meeting Place with Cultural Aspirations - Vicki Ann Cremona	
Challenging Times at the Chamber - Alfred Zahra de Domenico	
Good Old Bad Days - Michael Mallia	
 <b>Section Two : The Exchange Buildings</b>	 40 - 59
Modernity & Exchange - David Felice	
Before the <i>Borsa</i> on <i>Strada Reale</i> - Theresa Vella	
Sculptural Figures over the <i>Borsa</i> - Theresa Vella	
 <b>Section Three : Portrait Gallery of the Malta Chamber</b>	 60 - 141
An Analytical Appreciation - Emmanuel Fiorentino and Krystle Farrugia	
 <b>Section Four : The Malta Chamber Art Collection</b>	 142 - 161
Picturing Valletta: The <i>Vedute</i> at the Malta Chamber - Theresa Vella	
The Modern Art Collection - Charlene Vella	
 <b>Section Five : Memories of the Malta Chamber since the 1970s</b>	 162 - 185
Standard Bearers of Free Enterprise - Petra Caruana Dingli	
 <b>Biographies</b>	 186 - 189
<b>Index</b>	190 - 193

## Section Five :

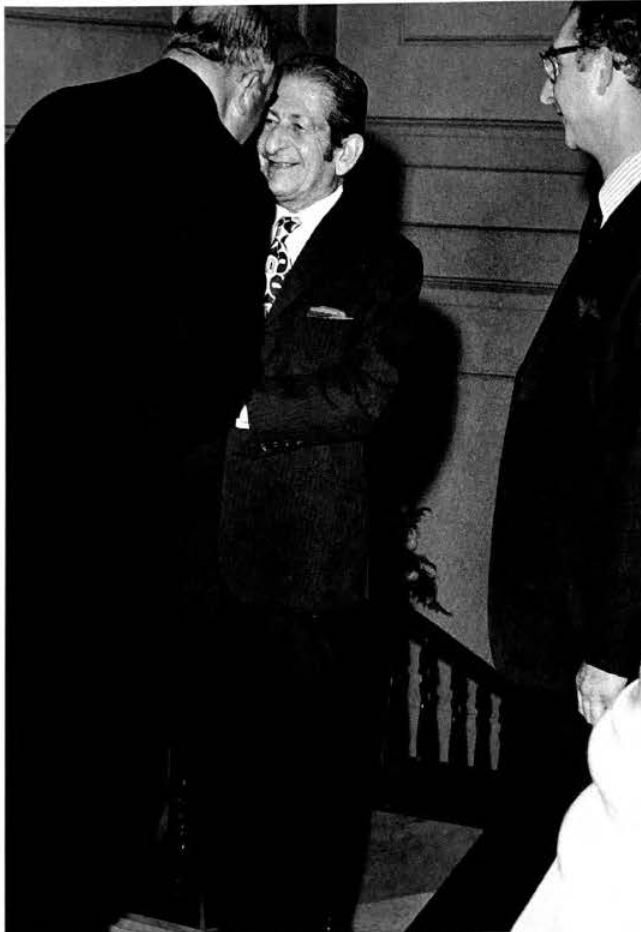
# **Memories of the Malta Chamber since the 1970s**

Petra Caruana Dingli

# STANDARD BEARERS OF FREE ENTERPRISE

## MEMORIES OF THE MALTA CHAMBER SINCE THE 1970s<sup>1</sup>

Petra Caruana Dingli



*Capt. Philip H. Toledo, President and Mr Bryan A. Gera, Honorary Secretary welcome the Hon. Dr G. Borg Olivier, Leader of the Opposition to the Chamber on the occasion of the 125<sup>th</sup> Anniversary Reception.*

On achieving Independence in 1964, Malta faced a tough challenge to build a solid economic base for itself. With the staggered departure of the British forces, other sources of income had to be identified. New international economic realities, such as the expansion of tourism and the European common market, were developing.

In 1969 the prominent banker Louis E. Galea took up the post of president of the Chamber of Commerce for two years. At this time the Chamber "still retained its club-like atmosphere" which included a billiards table. He set out to give the Chamber a more professional image, and

converted the billiards room into offices. He remarked that, "Those leisurely times were already definitely past and it was obvious the Chamber had to shed this aspect of its existence."<sup>2</sup>

When interviewed some years later, Galea recalled that in 1968-69 the property boom had just peaked and that this, together with the introduction of new industries and tourism, had given rise to considerable business expansion in all fields,

"In this atmosphere, we in the Chamber could look with great confidence on the part it was to play in the expansion of the economy. Relations with Government were at their best and members of the Council of the Chamber were constantly involved in various Government committees and in advising the compilation of legislation affecting commerce in general.

This is not to say that the Chamber always saw eye to eye with Government on trade matters. It had frequent discussions with the departments of Trade and Industry and sometimes it disagreed with certain controls, such as the price freeze in the wake of the devaluation of sterling in 1967, and the price control policy. But the important thing was that discussion was going on all the time, and due notice was taken of the Chamber's various representations."<sup>3</sup>

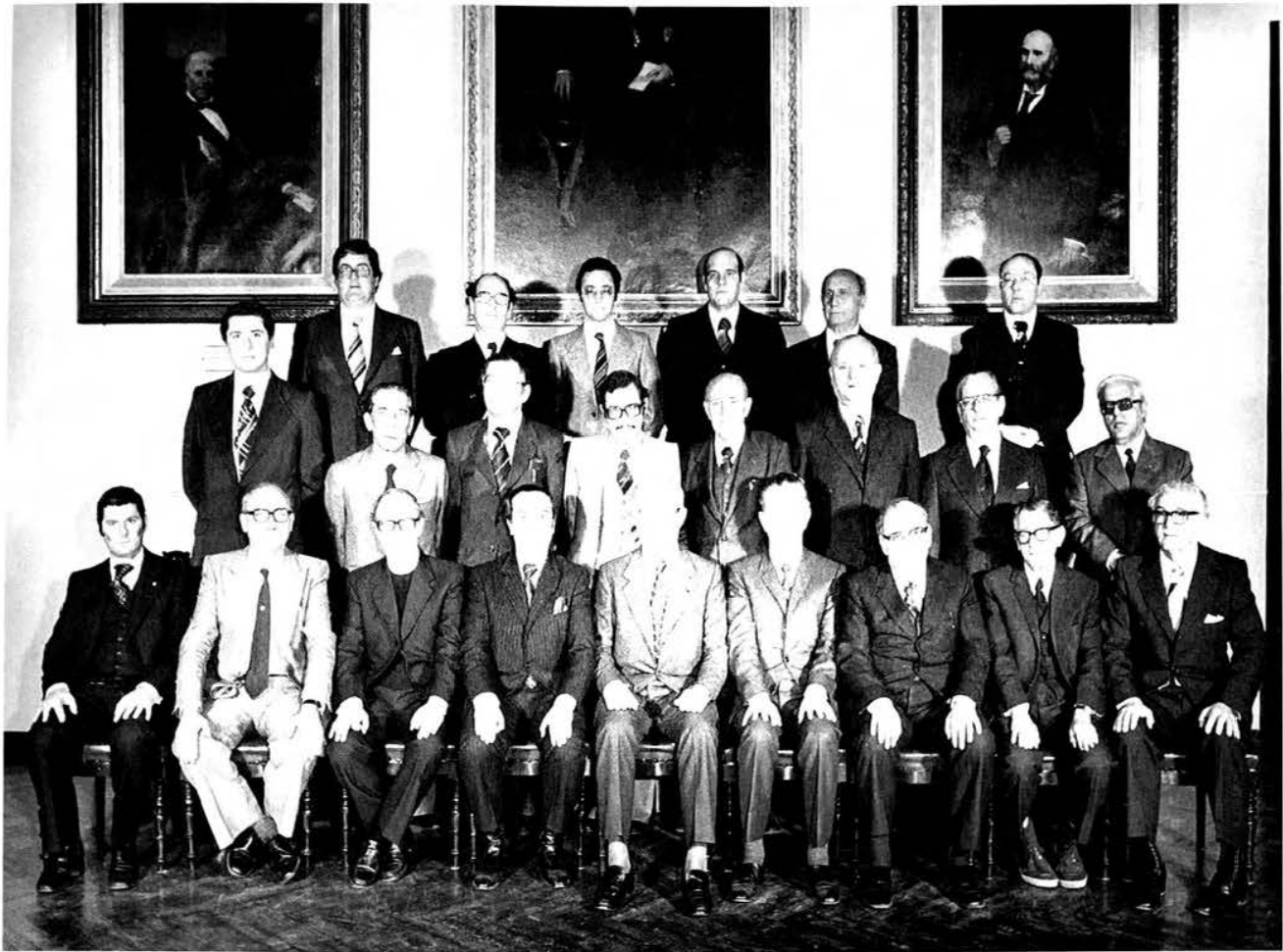
In 1971 industrialist Anthony Miceli-Farrugia succeeded Galea as Chamber president, and J.G. Vassallo was appointed the Chamber's first Director General to manage the daily business affairs of the organisation. Vassallo notes that when he took up his post in 1971, "the political climate had already started heating up."<sup>4</sup>

Following the election of a new Labour government led by Dominic Mintoff in June 1971, relations between the business community and the Government were increasingly strained. J.G. Vassallo recalls that,

"Efforts were made that year to persuade the Government to start liberalising, to allow the business community to start building bridges. However, after a short time, there was a change of Government and the same effort was made with the new Government.

Anthony Miceli-Farrugia had insisted that the Chamber was not partisan but took a neutral stand in politics. The





*The 1978 Council of the Malta Chamber of Commerce.*

individual members in their personal capacity could support whoever they wanted, but the Chamber was interested only for everyone to work together so that businesses could co-operate and move ahead.

At the beginning of the new legislature, the Government started taking major decisions. The dockyard had been losing money for years and the Government set up committees to involve the workers in the company's management. The Malta pound was put at par with the UK sterling. Mintoff took several of these decisions without first consulting the Chamber. He announced them first and then the Chamber would start asking questions."

Relations between the Chamber and the new Prime Minister had already been tense for some time. In 1955 Mintoff had publicly referred to the Chamber's members as "*is-sangisugi tal-poplu*" (leeches), triggered by a disagreement with the Chamber about the free distribution of a food consignment sent to Malta by the American relief organisation CARE.<sup>5</sup>

Miceli-Farrugia was president three times, for a total of six years, between 1971 and 1981. J.G Vassallo recalls that one

of Miceli-Farrugia's main objectives during this period was to raise the stature of the Chamber. Vassallo remembers three important initiatives taken by the Chamber in the 1970s: "In 1973 we started Business Education Courses, of which I was very proud. We also obtained scholarships from Luther College in the United States, and we put in place JCCs (Joint Co-operation Councils) with other local business-oriented constituted bodies, such as the Malta Federation of Industry and the Malta Employers Association."

The first two initiatives aimed to encourage Maltese businessmen to expand their entrepreneurial skills and enable them to diversify and invest in new projects, and thereby help to strengthen the Maltese economy. On the need for the JCCs, Vassallo explains that, "The more Government started creating problems for business and industry, the more there was a need for unity among the various bodies. The Chamber's efforts eventually culminated in the establishment of the Confederation of Private Enterprise (COPE), through which all these bodies launched a sustained programme of co-operation."



*Conference of Joint Arab Chambers of Commerce - Malta October 1976.*

*Top Table (left to right): Mr Joseph W. Micallef, Treasurer; Mr Mohamed A Burshan, Vice President; Sir Anthony Mamo, President of Malta; Mr Adrian Busietta, President of the Maltese-Arab Chamber of Commerce; Dr Burhan Dejjani, Secretary General, General Union of Chambers of Commerce, Industry & Agriculture for Arab Countries; Mr Mustafa Lamir, Secretary General.*

Looking back at his time at the Chamber, J.G. Vassallo recalls,

"You had to build a machine to work and earn a living, not only by operating in Malta and replacing the money Malta lost because it no longer was a military fort. Apart from earning foreign currency, you also had to invest enough in Malta to create enough activity for

the growing generation that was coming on the scene. The Maltese economy started from nothing and the big problem was that the Minto government was embarking on a lot of adventures, meeting the North Koreans and Gamal Abdel Nasser of Egypt, Muammar Gaddafi of Libya and other countries in the Non-Aligned Movement. In terms of policy, the Chamber had to make headway on its own."



The Permanent Secretary (a statutory post which is no longer in existence) during J.G. Vassallo's time was Anthony Borg Cardona. Borg Cardona was appointed Director-General following J.G. Vassallo's retirement. He served the Chamber with great dedication and loyalty for 41 years representing it at several international and European Chamber meetings as well as on the Board of the Malta Trade Fairs Corporation and on the Malta Community Chest Fund. He understood that every president has his own style of leadership and worked with them closely with his special brand of versatility and friendship to achieve their objectives.

In 1972 Chamber president Philip H. Toledo "expressed public concern at the increasing evidence of state intervention in the business sector, to an extent which could affect the very livelihood of the business community." He noted that the Chamber had managed to gain the confidence of some ministers: "We have inched in and confidence has been established. We can expect a more cooperative attitude in future ... We want the Government to allow us to run our business on business lines, using our skills and resources to the best advantage, without delay and interference from bureaucracy who have no business experience and who of course are always subject to superior authority for policy decisions."<sup>6</sup>

In 1975 Adrian Busietta became president of the Chamber for a period of two years. He remembers that, "these were tumultuous and momentous years for the Chamber, and for the country as a whole ... our problems were mountain-high as the outlook for the commercial sector as a whole always looked bleak and uncompromising whether for industrialists, importers, retailers and entrepreneurs in general."

The business sector still leaned heavily on the British services and their dependants based in Malta, however these were now gradually leaving the island. Adrian Busietta recounts,

"To disturb greatly the commercial sector as a whole, Mintoff's administration had come to power on the strength of very broad allegations that all entrepreneurs were pure money-makers, were only interested in profits, did not give fair deals to the working population and in general were detrimental to the country's economy.

The Prime Minister had visited China where he received a very warm welcome and he came back with a financial package that included the establishment of several manufacturing industries using Chinese money and design and were therefore on a purely statal basis, in addition to the establishment of a number of parastatal bodies and organisations.

There were also various threats of the nationalisation of great chunks of the Maltese economy under the then

Socialist precept that commerce could only be apportioned appropriately if it was state controlled.

State manufacturing industries like the Malta Spinning and Weaving Mill, Malta Carpets, Malta Brass and Malta Rattan were in the offing (all with Chinese help and controlled by the Malta Development Corporation) whilst the Red China Dock was in the offing too."

At the time, Busietta felt that it was important that the Chamber should appear prudent and of a friendly disposition towards the Government, in order "not to be accused of being obstructive or non-cooperative and thus further deteriorating the relationship between the administration and the commercial sector."

Busietta noted in the *Commercial Courier* that, after an absence of years, in 1975 the Chamber had started to have regular meetings with the Minister of Trade and Industry every four to six weeks,

"I used to lead some of these meetings, accompanied by the Chairmen of the interested Trade Sections and sub-Sections concerned in the dispute of the day. At these meetings we used to discuss various current and pressing problems as this was the very difficult time indeed when the first cold wind of trade restrictions started biting in dead earnest. It was a great pity that these talks, which used to be very cordial and beneficial to the commercial community, were not resumed when the Ministers were changed."<sup>7</sup>

Adrian Busietta points out that during his presidency he always stressed on the importance of discussion and negotiation, and listening to all sides, including politicians, industrialists, entrepreneurs and trade unions, before reaching conclusions. He recalls an occasion when the Prime Minister contacted him,

"Mintoff had received a telephone call from the Federation of Industry and in his way of talking he asked me whether I knew what they wanted. He confided that his Cabinet and supporters were not business men at all and felt ill at ease dealing with the commercial sector.

I urged Mintoff to meet them as the Industry at the time needed his support. My advice to Mintoff was that he should act like the American President and create his own team of industrial advisors.

I feel that this advice was a timely one because simultaneously the Prime Minister was thinking about establishing a Malta Socialist Chamber of Commerce to rival our own Chamber, a development that had already taken place in Italy and a number of other Socialist countries.

In anticipation of my meeting him at his favoured residence in Delimara ( ), I spent several sleepless nights before finally deciding the best way to approach the meeting was on a friendly basis. We discussed a number of important topics but the main outcome was that I successfully steered the Prime

Minister away from setting up a rival Socialist Chamber. Mintoff did not establish a separate Chamber but certainly drew in a number of leading commercial entrepreneurs as advisors, regulators and administrators and appointed several of them as leading officials in the Malta Development Corporation."

In 1977 the Prime Minister stated in Parliament that the "private sector" consisted of "Maltese industrialists with whom the Government met from time to time; they were the many volunteers – industrialists – whom the Government had willingly invited to help and who were now willingly helping by giving their contribution to the Development Corporation."<sup>8</sup>

Mintoff added that it was a mistake to mix up the Chamber of Commerce with the "private sector", as the Chamber was "an old nest of a majority of reactionary businessmen and in which there were people who spent their time not to promote the growth of industry and trade but to combat the workers movement."<sup>9</sup>

The Chamber was upset by these comments and responded publicly to the Prime Minister, stating that it was "astonished" at the "aspersions cast on the Chamber", and pointing out that the Chamber had long been requesting to meet the Government and be given the opportunities it "had so far been denied".<sup>10</sup>

The Chamber's complaint about a lack of consultation is repeatedly raised in reference to relations between the Chamber and the Government throughout this period.<sup>11</sup>

At the Annual General Meeting in 1977 the Chamber's president, Anthony Miceli Farrugia, warned against a tight system of state control, and said that the Chamber was, "in principle, against the interference of the State in ordinary forms of trade". He urged the Government to open a formal dialogue with the industrial and commercial community, and the trade unions, at the level of a common, national forum.<sup>12</sup>

The Chamber continued to make its voice heard on this issue and in 1977 it published a booklet, 'Free enterprise must survive'. In its *Commercial Courier* journal, the case was repeatedly made for enterprise "free of unnecessary state intervention".<sup>13</sup>

Immediately after the general election of 1981, Miceli-Farrugia addressed the Annual General Meeting and stated,

"Restrictive and fiscal policies are preventing our community from operating with the necessary freedom in competition with other progressive countries. This atmosphere has generated a depression and private entrepreneurs, who were once the pioneers of new enterprises, have reluctantly renounced opportunities for private initiative. If certain

problems were imported and not of our own making, these should have been handled by a community united in its efforts to overcome them."<sup>14</sup>

In 1982 Miceli-Farrugia referred to the lack of Government consultation with the Chamber and noted that, "before the advent of this Government there existed a form of consultation and negotiation with the authorities even if at times this exchange of views may have resulted in a mere formality but this gave both parties the satisfaction that democracy was at work even if agreement was often hard to reach."<sup>15</sup>

Anthony Miceli-Farrugia compared the bulk-buying system of the 1980s to the one that existed during the war in the 1940s explaining that, "whilst in the Forties they were called 'pools' and were justified by the emergency conditions then prevailing in the course of the war, the present system cannot be justified in a country which calls itself democratic."

Miceli-Farrugia pointed out that while during the war the 'pools' were run by the importers themselves under the guidance of the Chamber and the supervision of the authorities, "bulk-buying is today run by Government to the detriment of the importer. Although this system was supposedly intended to benefit the consumer by assuring price stability, in practice the consumer is gradually being deprived of his right to choose from a variety of goods of the quality he desires and in very many cases there is certainly no convenience in the price."<sup>16</sup> He added, "I have always felt I should safeguard the rights of the small importer who earned his living through the importation of some specific essential commodity and I feel strongly for those family concerns which by tradition had made a living through the importation of a particular item but which now, because of import restrictions or the system of bulk-buying by the State have found themselves out of business."<sup>17</sup>

Miceli Farrugia said that, "the Chamber, in principle, has always been against State interference in trading. State controls, especially if cumbersome, not only discourage enterprise but may also give rise to abuses. On the other hand, involvement by the State is justified in those activities which are considered in the national interest and where the private sector is reluctant to take the risk. Government should never encroach in direct competition with the private sector unless this intervention is necessitated by special and critical circumstances. State enterprise should, moreover, observe the rules of fair competition rather than create near-monopolistic conditions for itself."<sup>18</sup>

In 1983 Chamber past president Louis E. Galea looked back at the late 1960s and remarked,

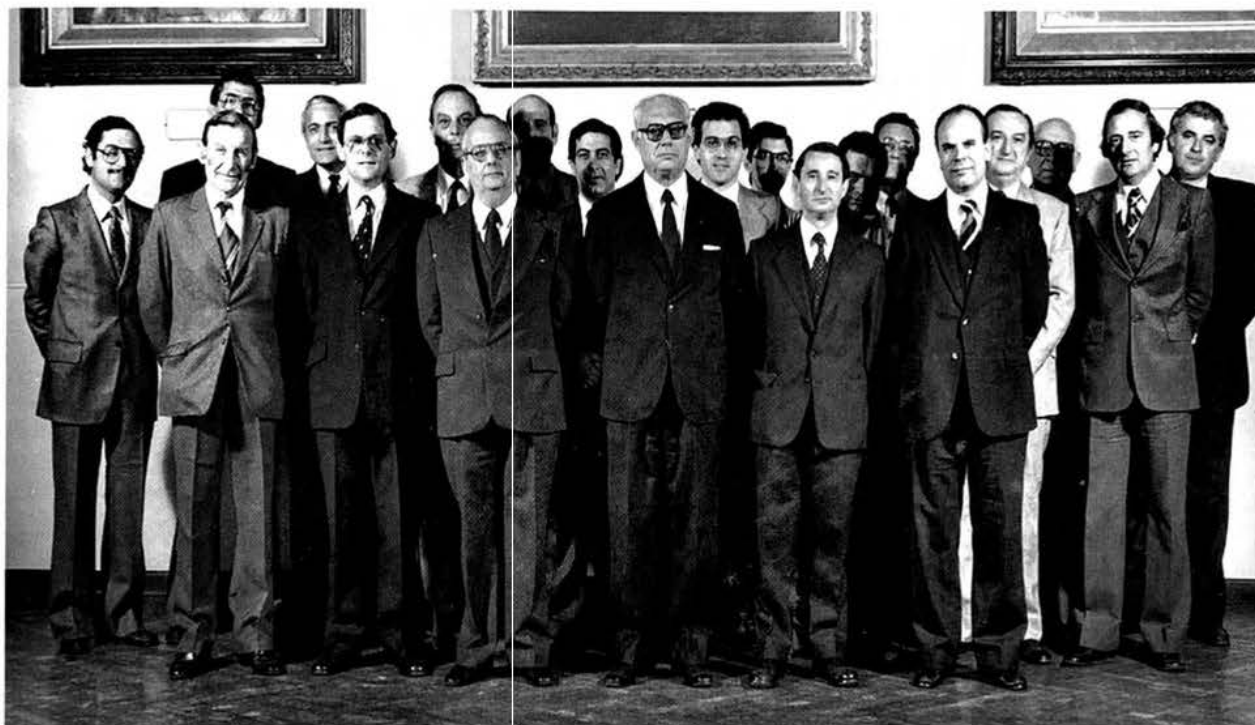
"At least at that time the businessman was allowed to carry on with his trade, as against the present situation where a regular and steady flow of new legislation, regulations and controls coming onto the Statute Book are creating burdens with which the businessman is continuously trying to cope and to adjust his business.

Business was then allowed to operate within free market concepts and therefore traders' objectives were generally to try and achieve competitiveness by buying from the best sources products which could find a steady market.

In the absence of natural resources, the most important factor in the economy is its working population and within this, the entrepreneur must be recognised as an essential element. Therefore, the greatest measure of consensus must

COPE was considered to be a politically motivated movement by the then Minto Labour Government but in fact we very much stuck to the principles of promoting competition and more private sector involvement in the economy as a means to recovery. I admit that I was influenced by the politics of Margaret Thatcher and in particular her success in privatizing state-owned assets which were inefficient and costly to the tax payer. But Margaret Thatcher in the early 80s had only just been elected and her methods were not sufficiently tested.

I recall the then 'infamous' publication called 'The Way to Economic Recovery' prepared by a number of economists and entrepreneurs from all quarters of the private sector, both established individuals and younger ones, and published by



*The 1981 Council of the Chamber of Commerce.*

be sought as to what Malta needs in present circumstances. The entrepreneur must be given enough elbow room to think positively and develop, as against having to defend himself to survive as is happening now."<sup>19</sup>

Louis A. Farrugia, who later became president of the Chamber in the 1990s, first became active in the Chamber in the challenging 1980s. Farrugia recalls,

"I became very active within the Chamber during the early '80s when at that time all the private enterprise institutions had united in a not-so-formal front under the name of 'The Confederation of Private Enterprise' otherwise known as 'COPE'. Its principal aim and objective was to promote the importance of private enterprise and the profit motive for the recovery of the Maltese economy which was then in severe recession and was registering high unemployment.

COPE. In my opinion it was a courageous initiative to issue such a publication at a time when the word 'profit' was almost considered a dirty word!

The publication won respect for the Chamber and its sister constituted bodies such as the Federation of Industry, the Malta Employers Association and the GRTU. It certainly established the private sector as a force to be considered by future Governments. I am certainly proud of my involvement in setting up COPE. We all worked very hard to help save Malta from what we thought was becoming an extreme socialist state.

Soon after, in 1987, the Labour period of Government ended and a new pro-private enterprise era began. I believe that one very good reason why Malta has sustained such strong growth figures for the last 25 years is the result of the encouragement of private enterprise. So the Chamber's leadership played a very important role in re-establishing the private sector as the motor for economic growth."



When Sydney Gatt was Chamber president in 1982, the Prime Minister launched a harsh attack in Parliament against the Chamber. Dom Mintoff declared that, "the Chamber of Commerce had done nothing but harm to the nation and its members in the last 20 years. This was no Chamber of Commerce. ... Mr Mintoff said that these were a few people who had worked for the British Government and had always been against Malta when it stood up to the foreigner. If this Chamber did not reform itself and work for Malta, they would not have anything to do with it. The Chamber of Commerce did not deserve to be called by this name. They intended to legislate in future so that the Chamber would no longer be against local trade. They had to have a real Chamber, with certain regulations, and not allow the present Chamber to be represented abroad with others."<sup>20</sup>

Going on to defend the Government's bulk-buying system, Mintoff attacked importers for "committing robbery". He stated that today, "they were living in a society of image builders. They had never heard of Coca Cola in his young days, yet today this drink was sold everywhere, even in Russia and China. Coke was just sugar mixed with a grain of a drug chewed by savages in the Pacific. Yet today, Mr Mintoff said, they had abandoned wholesome drinks – in his days they had julep, almond drinks and camomile tea – for Coca Cola. ... it all boiled down to an importer not lowering prices because he knew his product would sell. There was a conspiracy by hidden persuaders to deny these truths.... Mr Mintoff said that the day before the Archbishop had called for unity. Who was dividing the country? It was people like the Chamber of Commerce ... The workers were definitely not bringing about division. ... What the Government was saying today was that the business community has robbed the workers and this had to stop."<sup>21</sup>

At the Chamber's Annual General Meeting of 1982, Sydney Gatt deplored this attack in Parliament by the Prime Minister. He stated,

"It has never been and it is certainly not the wish of your Council to engage in polemics or controversies about the Chamber's role in the life of the nation. The Chamber's desire to cooperate with successive Governments has been constant. It has asked for official recognition of its right of participation at national level in cooperation with other interests. It has offered its expertise and facilities to serve the nation. It has asked for consultative machinery to establish a consensus, so necessary for the solution of the problems that confront our economy. These offers have been on record. They were so repeated as to have become almost monotonous. We shall never tire in persisting in our good intentions. The least we can demand is for the powers-that-be to test the sincerity of our repeated offers. It is only when our offers are tried and found wanting, that requests

for the Chamber to "reform itself" would merit any kind of justification.

As far as the Chamber of Commerce is concerned, this plea for a reasonable approach should put an end to a long and embarrassing argument, conducted at a distance and indicative of deep-seated misunderstandings."<sup>22</sup>

Soon after his election as Chamber president at the end of 1983, Wilfred Mamo addressed the members and stated that,

"The Chamber, in its long history spanning years of both war and peace is now probably facing one of its most difficult times. The Chamber has, for several years, stood in isolation. Now we have other Institutions side by side with us.

During the last two years, the intensified propaganda denigrating the businessmen, the self-employed and the private sector as a whole has become widespread. The bombardment from certain information and broadcasting media is indiscriminate and this flak is intended to injure all the Institutions representing Private Enterprise and definitely not only those comprising the now familiar Five. The basis of these unprovoked attacks is in the main ideological: there are some who would like to see the liquidation of private enterprise with Government taking over in the name of the people, all the hotels and private businesses.

According to an article in the "*Torca*" of the 13<sup>th</sup> November 1983, the time to achieve this is not yet convenient as more unemployment would follow. Attacks of this nature are also diversionary as they distract from the real problems of the economy and unemployment, at the same time trying to shift responsibilities to where they do not belong. A classic case, when the greed of the private sector was judged to be the cause for the primary slump in tourism.

During times of stress, one's inner reserves of valour very often emerge and, I am convinced that the Chamber, by its traditions and quality of membership, does possess these gifts of valour and will have sufficient resilience to weather the current storm. Counting on your support, it could well be that this will be the Chamber's finest hour, whatever the outcome."<sup>23</sup>

The statute of the Confederation of Private Enterprise (COPE) was signed by Wilfred Mamo as Chamber president on 16<sup>th</sup> December 1983. The inaugural meeting was held in the courtyard at the Exchange Building.

In January 1984, Mamo made it a point to tell the members that, "You have a Council of your choice, freely elected and the public accusations that the leaders of Private Enterprise are not representative cannot be taken seriously. In fact, those of our colleagues who were personally singled out for public attack, instead of being shunned, have been re-elected with overwhelming majorities. This kind of loyalty and conviction on the part of your members will give added incentive to your Council to continue to advocate the cause of Private Enterprise in a sober and constructive fashion."<sup>24</sup>

In October 1984, the Chamber approved the very strongly worded text of a resolution by the National Conference of COPE, which took note of "the deplorable events of the last weeks when organised acts of violence were carried out against the headquarters of the MUT, the Courts of Law, the Curia of his Grace the Archbishop, and against various individuals", and noted "that the forces of law and order once again have done nothing to prevent barbaric acts and have to date charged no one with these crimes." The resolution also noted "a constant erosion of freedom in all aspects of civil and commercial life", and "the intransigent attitude of Government which has led to extreme polarization of its people". It noted that, "appeals for dialogue and unity, for an end to a policy of coercion and a resumption of consensus politics on major national issues, and for a tripartite approach between the government, private enterprise and the unions to seek common interests, have been ignored."

COPE resolved, "to condemn in the strongest possible terms all use of violence and intimidation and to urge those responsible for law and order to do their duty, and if unable to do their duty, to reconsider their position", and urged the Government "to change course and to start working towards national unity, and to desist from further dissipating the national effort by introducing and pursuing purely partisan issues for which there is no mandate and about which there exists no consensus."<sup>25</sup>

When Joseph N. Tabone became president of the Chamber in 1985, his principal objective was, "...to ensure that the Chamber occupied the prime role as a champion for business interests and for the Chamber to assert the private sector's rightful role in the economy ... At that time the existing controlled economy policy did not provide any inducements for job creation and investment. As is well documented in various other history books, the political climate during this period was not propitious for the conduct of business. At the same time, entrepreneurs did not attract the respect which I felt was deserved from the authorities and society in general. Indeed the term 'profit' was frowned upon as if it was a dirty word. As a result, the Chamber faced a continuous uphill struggle."

Joseph N. Tabone embarked on his new role at the Chamber only a few days after Karmenu Mifsud Bonnici was sworn in as the new Labour Prime Minister, in a tense political climate. Tabone immediately requested a meeting and took the opportunity to emphasise the need for cooperation on matters of national economic interest and, "to state the Chamber's disposition to cooperate in matters relating to economic development and growth."

At the time, it was considered that the highest economic priority was to stimulate exports and employment, and the Chamber presented a detailed memorandum on incentives for employment and investment to the Minister of Industry and the Minister of Finance. Joseph N. Tabone notes,

"Our memorandum focused on business confidence as a fundamental need for investment. The Chamber was not in agreement with certain policy statements which were being made by the authorities at the time and we feared this would tarnish the country's international reputation as a credible business destination. Our document went on to incorporate a number of practical proposals to incentivize the promotion of investment and industry."

We regularly stressed the need for the country to embrace the mixed economy principle and a free competitive environment for private enterprise to generate the country's wealth. At the stage of economic development which the country had reached since its independence, our Chamber was not opposed to a limited role for the public sector especially when this was in the national interest. At the same time, however, it was up to us to ensure a definite place for the private sector in the economy and that the share of the private sector was not crowded out by Government intervention.

Coupled with this, we also needed to ensure that the authorities at the time appreciated the importance of importation as a vital economic activity for the Maltese economy. The authorities held strong views on the need for importers to diversify their activity to export. This was manifested with the import-substitution regime which was current during that time and the several measures instituted at the time to restrict importation, with an outright ban on Italian products for a certain period."

Tabone believes that the Chamber's advice was generally well accepted as it was always based on facts and research, which gave credibility to the Chamber with the authorities. In 1985 he had felt that after "long years in the cold, the Chamber was heartened by the opening of a dialogue with Government".

In 1986 the Chamber was formally consulted before the publication of the Economic Development Plan 1986-88, into which a number of the Chamber's proposals had been incorporated. The Chamber was also invited to nominate a representative on the Council for National Progress which was to be set up. Tabone notes that this Council was, "a forerunner of what is today known as MCESD, to provide the consultative machinery for the representation of Constituted Bodies as well as to monitor the country's economic and social progress and submit proposals concerning the national development strategy."

Tabone points out that the Chamber's discussions with the authorities brought about internal tension within the Confederation of Private Enterprise (COPE), of which the





*Chamber president Mr Joseph N Tabone delivers a speech during a lunch in honour of the Leader of the opposition Dr Alfred Sant, 20<sup>th</sup> May 1993.*

Chamber was a founding member and which was also housed within the same building,

"I often needed to justify our participation in official discussions with our colleagues at COPE. In particular, the Federation of Industry (FOI), of which I was a past member, were not particularly close during this period. My feeling was that the FOI at the time considered the Chamber as a group of largely small and local operators and our involvement in economic matters was not beneficial to their cause. Of course, we were not in agreement with this opinion and I dedicated much time and energy into ensuring that the Chamber and FOI drew closer on matters of policy and in the conduct of their roles in representation of local business."

Wilfred Mamo then spent the next two years at the helm of the Chamber, during which time there was a change in Government with Eddie Fenech Adami elected as Prime Minister in 1987. Joseph N. Tabone again served as president of the Chamber for another two years in 1989 and 1990, and found that the Chamber's relations with the authorities had now "shifted to a different level." According to Tabone,

"National economic policy was more akin to the mixed-economy principles which our Chamber had so consistently

held and professed throughout the years. In fact, during this time, Malta's import trade was overhauled and the resultant changes amounted to a silent revolution. Government had by now liberalised the importation of around one quarter of the value of all imports. The bulk-buying system which was a form of state procurement of goods deemed essential began to be dismantled. Besides, quotas were thrown overboard and were replaced by a tariff system intended to protect local industry which deserved temporary protection until it was in a position to meet international standards and competition."

In 1989, the prospect of Malta acceding to the European Union was an important issue for the Chamber. Tabone recalls that,

"...milestone changes were taking place within the economy which was quickly transforming itself in the run up to EU membership. ... Undoubtedly, this was an era in which strategic decisions needed to be taken by both the Chamber and the country. The Chamber needed to re-enforce its role in influencing important policy decisions. We needed to capitalise on the fact that within this period, the Chamber was less engaged in defending its territory and the role of the private sector and could now better concentrate on growth-generating activities for itself, its members and the economy."

The next president was Noel V. Arrigo, followed by Joseph N. Tabone who served as president for a third term in 1993.

In 1994 Francis Gera was elected president of the Chamber, at a time when Malta was preparing to join the European Union and was "busily adjusting its laws and regulations to conform with European requirements." According to Gera,



*President Francis Gera and Joseph R Darmanin during the general meeting on the issue of VAT, 5<sup>th</sup> May 1994.*



Mr Joseph R. Darmanin, President with Mr Antoni Negre I Villavechia, President of Eurochambres at the EU-Mediterranean Partnership Seminar held in Malta in October 1997.

"The changeover from customs duty to VAT on goods and services was naturally deemed to be a major challenge for the business community and we worked very hard lobbying for the least harmful and costly effects on the businesses of our members. Minister of Finance Mr John Dalli was in a hurry to push VAT through as quickly as possible. The Chamber called massive general meetings at the Mediterranean Conference Centre and also at the Holiday Inn in Sliema during which the ins and outs of the new VAT law were discussed and explained in great detail. Our VAT committee managed to negotiate quite a few amendments which benefited our members. Value Added Tax became operational in January 1995."

Francis Gera kept the press informed regularly. He says that the Chamber was wholly in favour of joining the European Union and that most of its members, especially importers, preferred VAT to customs duty as it is taxed at point of sale and not at entry into Malta and thus helps the trader's cash-flow situation. Gera recalls that in 1994 the Leader of the Opposition, Alfred Sant, spoke out against VAT,

"On the 23<sup>rd</sup> April 1994, the leader of the opposition Dr. Alfred Sant spoke at a mass meeting in Mosta and declared that the Chamber of Commerce was a lackey of the present Nationalist Government and that VAT would cripple the small trader. I was very much taken aback by the false outburst and

I came out very strongly on air and in the press to rebut his statement. I reminded him publicly that the Chamber's view on the European Union in general and on VAT in particular had been an on-going subject of discussion with the Labour Party's shadow ministers at regular dialogue sessions which had been going on for at least three years."

Gera notes that at this time the Chamber was also deeply involved in the implementation of the new Company Law, the Financial Services regulations and also in the reformed Industrial Relations Law. Various committees liaised with the trade sections to lobby for the Chamber's members. Gera held several meetings with Minister Dalli regarding problems of acquiring office space in Brussels for the Chamber and the Federation of Industry.

During this period the Chamber was also invited to accompany the President of the Republic of Malta, Vincent Tabone, on a state visit to Hungary and Albania. Another prestigious invitation for the Chamber was issued by Prime Minister Eddie Fenech Adami in 1994, to accompany him

## The Malta Chamber of Commerce

*150<sup>th</sup> Anniversary*

1848 - 1998



Mr Louis A. Farrugia, President with Sir Colin Marshall, President of the Confederation of British Industry and Chairman of British Airways during "The Globalisation of Trade" Seminar on 18<sup>th</sup> March 1998.

and the Foreign Minister Guido de Marco on an official trade visit to China.

J.R. Darmanin,<sup>26</sup> son of past Chamber president Frederick Darmanin, was president of the Chamber from 1996-97. Malta's proposed accession to the European Union and the transposition of legislation continued to be a major issue. Darmanin points out that,

"At that time, both the Chamber and the FOI were speaking the same language. Although the FOI was focused on industry in an environment of subsidies and import protection, and the Chamber was in favour of liberalisation and free markets, independently of the EU, both accepted that the restructuring of

the Maltese economy was inevitable. A merger between the FOI and the Chamber was inevitable – but it had to take its time and personality clashes had to be removed from the equation.”

In 1996 the Chamber and the FOI collaborated in the opening of the Malta Business Bureau in Brussels. Both institutions recognised the need to have more technical information in the run up to EU membership. Darmanin explains that, “we needed to have someone there to keep us up to date and we needed to stop this rivalry between the importer and the manufacturer. The big picture was that the country faced substantial changes in its legislation and it was important for the commercial community in Malta to be constantly appraised of developments in Brussels, which wasn’t exactly easy because of manpower restrictions.”

A problematic and controversial issue at this time was the replacement of VAT, which had just been introduced in 1995, with Customs Excise Tax (CET). Alfred Sant had become Prime Minister in 1996 with a commitment to remove VAT within 100 days, and proposing partnership with the European Union instead of full membership.

Darmanin recounts that the Chamber warned against the introduction of CET and wrote joint memos on the subject together with the FOI, since “VAT had taken away import duties, so the liberalisation of the market had already started. Whereas before industry was protected and you couldn’t import certain items – under a Nationalist government there were price orders and levies on certain items to protect the local manufacturers – these started being removed.”

On European Union membership, Darmanin points out that,

“The Chamber respects the views of the government elected by the majority of the people. The Chamber is not a political party. Yet, we exercised our right and we continued to insist that the best way is EU membership. On CET, we were ready to co-operate and sit with government to see whether we would find an alternative system to VAT because it was not immediately clear what this was to be ... Then you start seeing the economy beginning to decline, and it wasn’t easy. We were still insisting with the government on EU membership – we never once gave up during my two years.”

The Prime Minister Alfred Sant and the Finance Minister Leo Brincat held a crucial meeting at Girgenti with the Chamber, the FOI, the Employer’s Association and the GRTU, to discuss the introduction of CET. Darmanin recalls that,

“As far as the private bodies present at the meeting at Girgenti were concerned, the meeting was considered as a ‘damage control’ exercise as we were all totally opposed to

the introduction of CET in lieu of VAT. All we were interested in was to ensure that CET would be smooth running for business. Business carried on and the Chamber wanted to make sure that business carried on. In all public speeches and public statements ‘confidence’ was the buzzword we constantly emphasised and insisted upon.”

Louis A. Farrugia, son of past president Lewis V. Farrugia and cousin of past president Anthony Miceli-Farrugia, was elected Chamber president in 1998. He continued to support the importance of making the economy competitive and freeing up the market from protection and trade barriers, explaining that,

“...this is why the Chamber fought hard for Malta to join the European Union since the newly elected Sant Government of 1996 had frozen Malta’s application to join the Union. During 1998, after a short spell of 22 months in Government, the Sant Government fell and the Nationalists were re-elected and so continued to work for Malta’s membership in the Union.

The Chamber of Commerce was very influential in the national debate that ensued in the 2003 referendum on EU membership. By that time a large majority of our members believed that free markets would be in their long term interest and so the Chamber membership largely supported EU membership.

One very important event that I recall vividly to this day was our 150th Anniversary conference which took place in March 1998. Dr Alfred Sant was Prime Minister. The theme of the conference was called ‘The Globalization of Trade’. I believe it was one of the first occasions that the concept of a globalized world economy and highly integrated universal market was first presented to the Maltese public.

Our special guest speaker was the highly respected British business leader, the late Lord Colin Marshall. Lord Marshall was President of the CBI and Chairman of British Airways at the time and it was a true honour for us to have him address what I recall was a full house at the Radisson Hotel in St Julian’s.

The Prime Minister Dr Alfred Sant also addressed the conference and gave a rather defensive speech on his anti EU stance. Little did we know that he must have already been under pressure from Mr Mintoff who opposed his Government’s austerity measures and who subsequently brought down his Government.”

Preparations for accession to the European Union continued to dominate the activities of the Chamber during the presidency of John E. Sullivan in 2000-2001, who also steered the setting up of various committees, including the Privatisation Committee which aimed to monitor Government policy on the privatisation of parastatal companies and commercial sectors still under Government control. Sullivan explains,



"The Chamber discussed and voiced its concern over an increasing incidence of Government encroachment into areas of business interest of its members through state owned companies or public corporations. True to its fundamental principles, the Chamber voiced its belief that state encroachment in the competitive market must be eliminated.

The Chamber reiterated that the role of Government should be limited to the provision of legal and institutional structures and to act as representative of all the people. It must not play an active part in commercial activities especially when doing so brings it in competition with private initiative."

Following a Special Council Meeting held on Saturday 5<sup>th</sup> May 2001, the Chamber's "statement of principles" in relation to Malta's EU membership bid were clearly outlined and approved, summarized as follows: "The Chamber reiterated that it had been in favour of Malta's bid to join the European Union since 1971 when the Association Agreement between Malta and the then European Economic Community came into force. Such a stance has been consistently taken on



*Mr John E. Sullivan, President and Mr Joseph Zammit-Tabona, President of the Federation of Industry after the signing of the Deed of Establishment of the Malta Business Bureau on 21<sup>st</sup> December 2000.*

Concurrently, Government representatives were granted a valuable opportunity to hear these concerns and suggestions from the sector of the population which was responsible for the country's creation of wealth. This strategy has proven to be more productive than any other in reaching a positive influence on the country's decision makers."



*Mr Reginald Fava, President addressing the 2003 Annual General Meeting, with Mr Louis Apap-Bologna and Mr David G. Curmi.*

the basis that Malta could not remain isolated from the globalization process involving the establishment of various regional trading blocs.

In 2001 the Chamber's president was invited to accompany the President of Malta, Guido de Marco, on an official visit to the Federal Republic of Germany. During this period, the Chamber continued to lobby the authorities and held regular meetings with the Prime Minister, members of Cabinet, senior Government officials, and the Leader of the Opposition. John E. Sullivan recalls that,

"These dialogues with Cabinet Ministers were a useful and practical exercise for both Government and the business community. In this way Council was presented with a unique prospect to air its views directly to the policy makers on behalf of all the members it represented.

Reginald Fava took over the presidency for two years in 2002 and continued "to promote Malta's cause to join the EU and to help in the attainment of the best possible terms for our country." Fava sought to seek closer co-operation between all social partners involved in the MCSSED process, and to enhance the Chamber's role, "as a strong social partner and the senior private sector institution. It was also my great wish and desire to witness more cooperation between the political parties especially in those areas where divergence was uncalled for."

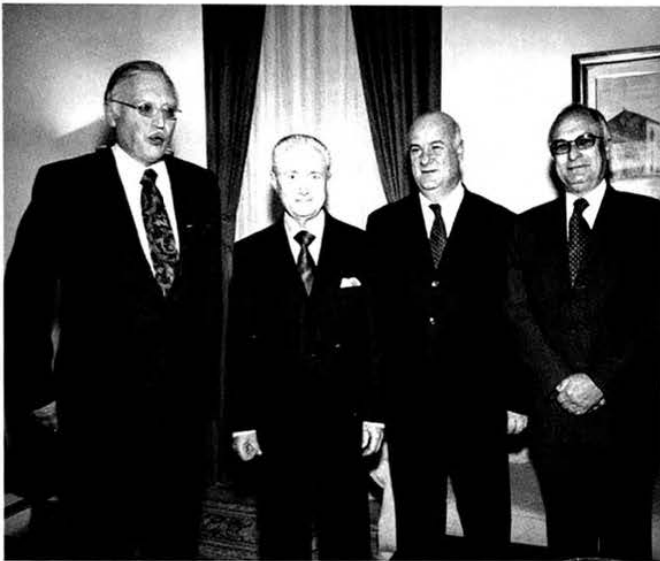
In 2003 the Chamber's name was changed to the Malta Chamber of Commerce and Enterprise. The statute was also changed so that chairmen and vice-chairmen of Government bodies and parastatal institutions were not eligible to serve as president or vice-president of the Chamber. Fava explains that it was important, "to ensure that the Chamber was not only apolitical but also seen to be so."

Fava recollects the events leading up to the purchase of a building in Brussels to house the Malta Business Bureau,

"During the crucial years, prior to membership in the EU, together with my good friend Mr Anton Borg who was the president of the Federation of Industry, I negotiated the purchase of a mansion in the heart of Brussels. Quite close to the EU Parliament, the mansion was to serve as headquarters of the Malta Business Bureau where we had a resident permanent representative in order to be hands

on and to keep us regularly posted on developments and to organize various meetings for both the Chamber and the Federation.

Prior to the signature on the final deed of acquisition, I made arrangements with our national airline Air Malta to provide seats on a flight to Brussels to take all council members to view the building. We left Malta one early Saturday morning, precisely on the 20<sup>th</sup> September, and found a coach waiting for us to take us to the centre of Brussels, viewed the premises, had a few drinks in the garden and returned by coach and plane to Malta late that same evening. Again, this visit was a big success and all council members felt proud that these premises in this most important city of Brussels and the political hub of the European Union would now be acquired by the Chamber and the Federation. Following this



*Mr Reginald Fava, President with EU Commissioner for Enlargement Gunther Verheugen, the Hon. Dr Joe Borg, Minister of Foreign Affairs and Mr Louis Apap-Bologna, Senior Vice-President at the Chamber Conference "The Costs and Benefits of Malta's Negotiated Package with the EU" on 24<sup>th</sup> January 2003.*

visit, this mansion was completely refurbished and brought back to its original grandeur under my personal supervision, and this entailed regular visits to Brussels for the purpose. Local talent was also commissioned to execute particular works and the building was furnished as far as possible with Maltese-made products."

In anticipation of the EU membership referendum in 2003 the Chamber organised a national conference on Malta's membership of the European Union, which was addressed by the EU Commissioner for Enlargement, Gunther Verheugen, Malta's Prime Minister Eddie Fenech Adami and the leader of the Opposition Alfred Sant. The event was attended by over 800 persons, including businessmen, Government executives and trade union leaders. Chamber president Reginald Fava presented the result of a survey that the Chamber had carried out on whether its members



*Mr Victor A. Galea, President with the President of Malta, H.E. Dr Edward Fenech-Adami during a Council Dinner in December 2007.*

considered membership to be beneficial or not. The response was overwhelming positive with 91% of the Chamber's members voting in favour of membership.

Fava reminisces about the various state visits which the Chamber was invited to attend during this period,

"As president of the Malta Chamber I had the honour to accompany the President of the Republic, my senior college friend Professor Guido de Marco, on various state visits which included Hungary, Egypt, Cyprus, Greece and Slovenia amongst others. I was at all times greatly impressed with the eloquence of Professor de Marco's speeches. He invariably made me feel so proud to be Maltese. During these visits I was given the opportunity on all occasions (in fact, Professor de Marco used to insist) to address the business community of the countries visited. I signed cooperation agreements with the national Chambers of Commerce of each country visited for the benefit of Maltese businesses and for business communities of all countries concerned."

Fava points out that the Chamber was a member of the Malta Council for Economic and Social Development (MCSED) and that the Chamber, "had an excellent relationship with all social partners and we all strived to work together for the benefit of our country in general and our members in particular." In 2003 Fava wrote an article in the press outlining "the benefits of a merger between all employer bodies particularly the Chamber of Commerce and Enterprise and the Federation of Industry". He notes that, "although at the time this invitation was not favourably received, yet I am proud to see that eventually this merger did come about and we now are united under one roof as The Malta Chamber of Commerce, Enterprise and Industry."

At that time the Chamber continued to participate regularly in public debate, and worked hard to put forward its views



and objective criticism without compromising its impartiality. Fava emphasises that, "the Chamber's main objective has always been to convince all and sundry that people in business are the generators of the country's wealth and if we are left to work unshackled, the country is ensured of jobs and wealth creation at all times."

Anton Borg was president of the Federation of Industry from 2003 to 2005. He recounts his first day in office,

"I remember my "baptism of fire" – the day after my election, I was invited to attend a press conference to be given by the Prime Minister Dr. Eddie Fenech Adami and

To understand this, we need to remember that in the years leading to the referendum, Malta's industry had gone through a period of substantial restructuring, during which time the FOI was continuously supporting its members by submitting a substantial number of position papers to the Negotiating Team on various sectors and relevant topics. Some of these position papers were drafted in conjunction with the Malta Chamber of Commerce, as there were issues that affected all businesses across the spectrum. Others were drafted by the FOI on its own, specifically those relating to issues affecting manufacturing."

Anton Borg was also involved in the acquisition of the building in Brussels to house the Malta Business Bureau,



*The signing of the Memorandum of Understanding for the merger of the Malta Chamber of Commerce and Enterprise and the Federation of Industry in the presence of the Prime Minister, the Hon. Dr Lawrence Gonzi in January 2008.*

the Deputy Prime Minister Dr. Lawrence Gonzi. When I arrived at Auberge de Castille I was taken completely by surprise when I was asked to present the Federation's view on Malta's membership to the European Union. Thankfully the Federation had just about concluded an analysis of a survey carried out amongst its members, and by the time the results were sent to me by the Director General Edwin Calleja, I had the best of ten minutes to go through them and at least sound confident during my three minute intervention. As one of the main employer organisations representing almost all the manufacturing concerns employing thousands of people, the result of the FOI survey, which had indicated that over 70% of Maltese companies were in favour of Malta joining the EU, was given great importance by the Government, the Opposition as well as the media in general.

as a joint venture with the Chamber of Commerce. He recounts,

"The Chamber's president, Mr Reginald Fava and I travelled very frequently to Brussels to negotiate and conclude the purchase of the property as well as the refurbishment thereof. With the significant presence in Brussels of the MBB, we were able to keep members informed about specific topics that were continuously presenting changes and opportunities in the post-membership scenarios.

The acquisition of the property in conjunction with the Chamber of Commerce was another clear sign that both entities were finding it necessary to work together as one organisation. Members of the Chamber and the Federation were feeling so comfortable in seeing the two organisations working together, that several members floated the idea of a possible merger. This idea was subsequently pursued



Mr Louis A. Farrugia, President receives the "England 2006" pennant from Sir Geoff Hurst in May 1999. Sir Geoff was lobbying in favour of the British bid to host the 2006 FIFA World Cup.

by my successor Adrian Bajada and concluded by his successor Martin Galea, together with their counterparts at the Chamber.

The merger was approved by the members of both organisations during 2008, effective on 1 January 2009, fully supported by the individual councils. The reasons to merge given by both councils at that point in time have since proved to be valid ones. With Malta's accession to the European Union, the main reason for which the Federation was historically set up no longer existed. Moreover, as a result of the merger, the Malta Chamber of Commerce, Enterprise and Industry has undoubtedly become the largest and strongest employer body in Malta, clearly lobbying and influencing the authorities more successfully. This is evident from the frequent requests for the Chamber's opinion and recommendations on a varied number of issues and the fact that the vast majority of these recommendations are adopted by the authorities."

Norman Aquilina was employed by the Chamber from 1991 to 1993. He left to pursue his career elsewhere and immediately became a Chamber member, serving over the years as a Council Member and as Senior Vice President in 2007. Aquilina was active on the Board of the Malta Business Bureau, and also served as its president in 2006. He emphasises the importance of this joint venture in bringing the Chamber and the FOI closer together,

"The setting up of the MBB started to sow an important collaborating seed whereby the Chamber and FOI growingly recognised the benefits and synergies resulting from taking on a collaborative approach.

This was no small achievement when one considers the results against the background that the Chamber and FOI had held conflicting views during the protectionist period (80s and 90s) when import substitution structures were

in place and which were later replaced by import levies. This had somewhat strained the relations between the two organisations and I can still clearly recall my personal experience when I had challenged the FOI, pronouncing myself against protectionism, and having publically argued that what manufacturing industry ultimately needed was promotion and not protection.

With the growing success of the MBB, which gradually but steadily reinforced the beneficial collaboration between the Chamber and FOI, it was only a matter of time for talk of merging the Chamber and FOI to come about – and it certainly did some years later."

Kevin J. Borg, Director-General of the Chamber, recalls,

"During that period, the Chamber and the FOI had pooled resources to establish the Malta Business Bureau and for this



Mr Tancred Tabone, President with H.R.H. Prince Edward and Mr Joaquim Silva Pinto in November 2011.

purpose, they jointly employed Dr. Leonard Mizzi to represent them in Brussels. The two organisations had also jointly commissioned the Ramboll Report.<sup>27</sup> This was intended to chart the strategy for the restructuring of small enterprises into viable units which could compete in a liberalized scenario with imported goods (in the domestic market) or with other products in foreign markets.

Furthermore, the Chamber and FOI were co-operating in matters relating to the dismantling of levies and agreement was reached both between the organizations and later with Government. This was the last bastion of trade protectionism that remained and the last item of policy that brought about any differences in ideology between the two organisations. With protection for local industry gone, there was no longer any logic for both organizations to exist separately and duplicate efforts."

Louis Apap Bologna became president of the Chamber in 2004, the same year when Malta became a member of



Mr Stefano Mallia and Mrs Helga Ellul with Baroness Catherine Ashton in May 2009.

the European Union. He describes the atmosphere of the time,

"It was a time of enormous activity and change as the Government of Malta was preparing itself to join the European Union. This involved the Chamber very deeply as Malta was going to progress from an island economy to one which encompassed 500 million people. Malta had to dismantle its archaic and protective tariffs and levies. I was involved in these committees and had heated meetings with those parties who had been protected for a long number of years. Discussions also involved the *acquis communautaire*, the bible so to speak, containing all the basic rules and directives that Malta had to adopt to become a member of the EU.

On 1 May 2004, Malta was admitted as a member of the European Union. An historic event. This step had been advocated by our Chamber for over three decades and our members confirmed this in a well-publicised survey which was carried out shortly after the membership conditions became known."

During these years the Chamber continued to be invited to form part of Government delegations on official visits, and signed memoranda of understanding with its commercial counterparts in various countries. Upon accession to the EU the Chamber qualified for membership of Eurochambres having been an Associate member in previous years and was invited to form part of the Enterprise Policy Group within the European Commission for Enterprise. Louis Apap Bologna recollects,

"During my presidency and as a member of the Malta Council for Economic and Social Development attempts were made by the Constituted Bodies and Unions to lay out a Social Pact with the support of the Malta Government.

The main aim of this Pact was to put the Maltese Economy on a growth path and make it competitive in the modern globalized world. Many meetings were held on this subject but unfortunately this Pact was never realised due to divergences between the Employer Bodies and the Unions. Ultimately the



*Mr Victor A. Galea with Mr Norman Aquilina and Mr Charles M. Mercieca during the 2007 Annual General Meeting.*

Malta Government decided to adopt parts of the Pact on its own initiative.

In my presidency further studies for the merger between the Malta Chamber and the Federation of Industries were undertaken. These eventually had a successful conclusion in the following presidency."

The president of the Federation of Industry at that time, Anton Borg, also describes the same discussions about the Social Pact,

"During 2004, I was heavily involved in discussions over a competitiveness agenda, together with Government and Unions which was meant to lead to the signing of the infamous Social Pact. The aim of the Social Pact was to implement various measures that were to improve the situation for industry's cost competitiveness, reduce public sector spending and contain taxation increases.

Persons involved in those discussions can testify to the close working relationship that was developing between the employer bodies but particularly the FOI and the Chamber. I think we took a common stand on all the items under discussion. Despite the numerous painstaking hours, sometimes going on until one or two o'clock in the morning at the Office of the Prime Minister, a number of days and even weekends locked up in hotels in Malta and Gozo, negotiations on reaching consensus on the Social Pact unfortunately failed. Notwithstanding this, I feel that the country's competitiveness did, to a certain extent benefit, as eventually Government rescinded the legal requirement of compensating workers with additional vacation leave for any public holiday falling during a weekend."

In 2006 the presidency of the Chamber was handed to Victor A. Galea, who recalls his first morning in office,

"I recall my first morning in office was spent meeting the staff and spending time with the Director General. In the

afternoon an officers' meeting was held in which the agenda for the year was set out. A number of issues needed to be addressed such as public service bureaucracy, Malta's declining of competitiveness, port practices, health reform and the pension time bomb. Eco Tax refund and the curbing of abuse in free movement of goods were also high on the priority list. Under my presidency, discussions started in earnest in respect of the merger between the Chamber of Commerce and Enterprise and the Federation of Industry. The issue had been broached in the past but consensus had been difficult to achieve."

The Chamber was now consulted regularly by the Government as well as the Opposition leader, and continued to be invited to participate in official state visits overseas. The



*Members at an Annual General Meeting.*

Chamber was actively involved in the consultation process for the adoption of the euro. During his presidency, Victor A. Galea emphasised how important it was that all businesses prepare themselves for the change-over. He recounts that,

"On a personal basis I thought I should lead by example and sometime later my organisation participated in a voluntary price stability pact with the Government. With the help of our principals we committed not to increase pricing three months prior and three months post euro changeover. The reason for this initiative was to ensure that the euro adoption did not translate into price inflation. The same scheme was successfully tried and tested in France before the euro changeover. I firmly believed that as a business leader I should participate in this initiative but regretfully I was criticized by some business colleagues who felt that this move veered towards the political arena."

However one of the biggest internal issues at this time was still the merger of the Chamber of Commerce and



Enterprise and the Federation of Industry, which had been within sight for so many years. Victor A. Galea explains the events at the time,

"From day one, the merger between the Chamber of Commerce and the Federation of Industry was set as an objective of my presidency. I firmly believed the time had come to merge both organisations as business needed one strong voice to represent the various stakeholders. The difficulty that lay ahead was convincing the membership at large. A number of meetings were held to garner support for the merger. Sector interests needed to be addressed, tradition needed to be guarded, compromises had to be forged. After hours of intense debate, two ad hoc off-site Saturday meetings when the newly drafted statute was discussed and numerous information meetings with members, the Council unanimously approved the way forward for a potentially controversial merger.

Before my two-year term came to a close, a memorandum of understanding which set out the terms and conditions of the merger was signed on 4 January 2008 in a ceremony held at Castille in the presence of Prime Minister Lawrence Gonzi. The roadmap would see both organisations merge into a stronger employers' body once a due diligence process was completed and the necessary approval of membership was accorded at an extraordinary general meeting. The merger was effectively sealed after my Presidency had come to an end but the Council I chaired played a key role in this historical move."

During Victor A. Galea's presidency, a brief to revise the statute was given to David G. Curmi in order to propose changes to enable a successful merger between the Chamber and the FOI. Curmi had previously carried out a thorough revision of the Chamber's statute. Curmi was later elected as president of the Chamber in 2013, and recalls,

"As Chairman of the Statute Revision Committee and working closely with the president and Council I proposed a number of important changes to the statute which received very wide support from the general membership at the Annual General Meeting which was held on 30<sup>th</sup> October 2003. These changes were intended to update and modernize the rather dated statute of the Malta Chamber since at the time I shared the view of the president that a statute should be dynamic and should be constantly revised to reflect the times.

Although concrete measures leading to the merger with the Malta Federation of Industry only started a few years later, the changes that were carried out to the statute of the Malta Chamber in 2004 were in my view, critical in enabling the merger which occurred five years later.

I recognized at the outset that the planned merger was a merger of two organizations that lived entrepreneurship; two organizations that understood each other and spoke the same language. The timing of the merger was also important. Globalization, Malta's accession to the European Union in 2004 and corresponding transformations in Malta's economic

and commercial environment set a perfect scene for a merger between the Malta Chamber of Commerce and Enterprise and the Malta Federation of Industry. These changes were further accentuated by Malta's eventual accession to the euro-zone in 2008. The business environment was shifting. The elimination of trade protectionism as well as the introduction



*The Prime Minister, the Hon. Dr Lawrence Gonzi meeting Council members and Past Presidents during the annual Council Dinner in December 2006.*

of the euro as the national currency brought about a natural progression where policies of the two organisations moved towards full convergence and much common ground was achieved. The two organisations were regularly adopting similar stances on various national issues of direct economic and commercial interest.

The more we considered the merger the more we were of the view that this was not simply a choice between merging and not merging. This was a choice between embracing the revolution that was changing the environment for business or attempting in vain to preserve the status quo. This was a choice between leading and following."

Tancred Tabone was Chamber president in the year leading up to the merger. He recalls that he "was meant to iron out and see through the last preparations for the merger. At least, this is what I was told when fellow members first approached me to attract me to the post. Upon taking office, however, I soon realised that there still remained much more to be done than dotting the proverbial "i"s and crossing the "t"s" ... Midway through this laborious process it came to our knowledge that no law existed to regulate the merger between two non-commercial entities. Therefore the process, from a legal point of view, was further complicated and needed to be regulated by a hybrid of the Commercial Code and the new Second Schedule of the Civil Code. To complicate matters further, a first ever 'Registrar of Legal Persons' needed to be appointed by Government



to accept our merger application. All this is testimony to the fact that our merger was indeed a ground-breaking step at the national level and contributed to Malta's history, at least insofar as case-law and resource consolidation between constituted bodies, was concerned."

The president of the Federation of Industry at this time was Martin Galea, nephew of past Chamber president Louis E. Galea. He explains his view of how the FOI was originally formed in 1946,

"The origins of the Federation of Industry go back to Malta's expanding industrial base which started after the end of the Second World War. The opposing views of protecting fledgling industry and importing competing goods must have played a part in the formation of the Malta Federation of Industry. By 1946 the Industry Trade Section within the Chamber of Commerce was in serious dispute with the Council and resigned *en bloc* to form a new association – the Federation of Industry. The split did not seem too amicable at the time and the frosty relationship endured for some years."

Industry in Malta continued to grow and by the 1980s factories had been set up in various sectors, turning manufacturing into one of the pillars of Malta's economy. Membership of the FOI grew, and as Martin Galea states, "high protective levies on imported goods allowed local manufacturing companies space to establish a foothold and develop their skills."

Both the Chamber of Commerce and the Federation of Industry believed that participation in the common market was the way forward, and that Malta's place was in Europe. Martin Galea recounts,

This meant the abolition of protective levies and with that the single difference between the Chamber and the Federation. Industry had grown and must now stand on its own feet.

Talks began almost immediately. Was it worth having two organizations basically providing the same services to their members? Would a single, better-funded and resourced organization achieve more than the two existing ones? And would the single entity lose focus for the manufacturers or the importers?

These were pressing questions which were debated in both councils for many long hours. However, there was a feeling that more could be achieved through unity than singly.

Work on the structure of the statute and the organization commenced in earnest in 2006. These were complex negotiations as the structure needed to reflect the wide interests of the members. This took place in a rapidly changing economic landscape, with new leading segments of business gaining importance, such as financial services. These relatively new industries also needed to be reflected in the new merged organization for it to retain focus and relevance.

By 2008 a memorandum of understanding was signed in the presence of the Prime Minister and we thought that we could now coast to the merger. As the negotiations continued and with the main issues agreed upon, it was now down to some wrangling on the more minor aspects – of which the Name, was quite heatedly debated. Clearly the name of an organization is like a flag and a rallying point and some members felt very strongly about what the name should be. This was perhaps the most delicate stage with certain members – but it passed and there was general acceptance by the members of the name finally chosen."

The merger was eventually adopted formally by both organisations in Extraordinary General Meetings held in September 2008, with overwhelming support from all members. In the words of Martin Galea, "To the Chamber members it was the return of a brother and for the Federation members it was a homecoming after 60 years. The business community had finally closed ranks and in its unity lies its strength."



H.G. The Archbishop Mgr Paul Cremona with members after celebrating mass to mark the Chamber's 160<sup>th</sup> Anniversary since its foundation.

Kevin J. Borg was director-general of the Chamber during the merger, and therefore experienced the change at first hand on a daily basis. He recalls the support and spirit of teamwork that prevailed at the time,

"The broad feeling was that members were largely in favour of the merger though, as is normally the case, a dissenting minority would tend to be more vociferous. I too was fully on board despite the fact that certain members would often hint to me that my job would be safer without the merger. I did not read too much into these suggestions because I was convinced that the merger would enhance the profile and stature of the Chamber and that my career could only benefit from this. Besides, I had full confidence in my abilities to add

value to the merged entity. Time of course vindicated my conviction that the organisation immediately felt larger than the sum of its separate parts.

By then, I had forged an excellent working relationship with my colleague from the Federation, Ing. Ray Muscat. Ray and I had been working side by side for at least a year. Our qualities were very different and we both knew we could form an excellent team. Together with a task-force which had been formed to lead the merger process, Ray and I agreed to divide our responsibilities according to our main competences. I was satisfied that the merger would give the opportunity to specialize in policy formulation, communications and internationalization support as my key responsibilities.

Ray and I were quick to allay any apprehension within our respective teams. We designed a new organization chart with new posts that were to be filled according to the best competences within the staff. We held regular meetings for the combined group prior to the merger and the new roles were explained. I was very impressed at the manner in which the two sets of staff gelled together in a very short period of time. This factor contributed significantly to the success of the merger. It was heartening for us all to hear this constantly acknowledged in the open by Helga Ellul throughout her entire presidency."

On 3 January 2009, the Malta Chamber of Commerce, Enterprise and Industry appointed Helga Ellul as the first president after the merger.

Ellul came from a strong manufacturing background and was the first woman elected as president for either of the separate organisations. As a result of the negotiations between FOI and the Chamber during the merger, the Federation had nominated its first president.

This period experienced the first wave of the international financial crisis, and the beginning of the Libyan conflict which posed a challenge to the Maltese business community. However one of the main priorities was also to make a success of the new merger between the FOI and the Chamber, and to manage the process of change. Helga Ellul recalls,

"The merger seemed to be a perfect fit right from the start. I certainly expected some sensitivities and complications especially at the beginning. Surprisingly, however, a few weeks down the line, it seemed like the two organisations had always been one. The team which had been planning the process months and years in advance had certainly done an excellent job.

An important factor which contributed to this was that all staff integrated very well. I was witness to the fact that from a very early stage, they worked together as a close-knit team. This was of significant importance as I always regarded them as the backbone of our institution. I always believed that any leader was only as strong as the backing, hard work and professionalism of his or her team. Indeed, the excellent



*Mr David G. Curmi with the Prime Minister, the Hon. Dr Joseph Muscat during a lunch held in his honour on 6<sup>th</sup> July 2013.*

team spirit was very important for the success achieved by our organisation after the merger."

A re-branding exercise was carried out which led to the "Malta Chamber" being used as the new abbreviated name of the organisation.

The international financial crisis was of major concern. Ellul explains,

"Irrespective of the internal changes that were taking place, our members needed a "business as usual" attitude from our Chamber as the international climate we were living was a threatening one.

I felt it was our priority to help businesses deal with the effects of the international credit crunch. Whilst I always believed that the private sector must drive its own success, the importance of government and public sector agencies' support was not to be underestimated.

We worked actively behind the scenes to formulate our views on a stimulus package for the economy which we submitted to the Prime Minister. By means of this paper, we were placed at the forefront to propose effective measures to support our competitiveness and to offset the effects of slowing demand from abroad."

During this period the Chamber also forged stronger links with the Malta College for Arts, Science and Technology (MCAST) and the University of Malta, to increase awareness of the skills required by business and the economy.

Helga Ellul feels that one important outcome of the merger is that the two organisations, who were both influential bodies before the merger, had led by example in showing local business "that fragmentation leads you nowhere and that the future in the globalized world is through consolidation." She states,

"We led by example in consolidating our resources; in giving ourselves a fresh brand image; in investment in our ICT systems; in designing relevant value-added services; as well as in embracing quality. Our intention was for all these efforts to give renewed confidence to the business community and make it feel that the Malta Chamber was its natural home.

I believe that the generation of prosperity in Malta can only come about through export-led activity by the private sector. Amongst the new relevant services for our businesses, therefore, another priority I focused on during my presidency was to help members internationalize.

The consolidation of resources through our merger enabled a much stronger international business presence at a time when it was most important for Malta. From a personal point of view, I realised how influential our Chamber had become even through our alliances with European business powerhouses such as Business Europe and Eurochambres. These affiliations allowed us to take our influence to Europe where we could now bring to the fore our members' challenges."

Tancred Tabone was re-elected president, this time of the merged organisation in 2010. At this time Tabone's priorities were seeking to contain the potential effects on the Maltese economy of international upheavals, namely the prolonged financial crisis in the Eurozone and the uprising in Libya and the rest of North Africa. He said:

"My second Presidency coincided with the effects of a prolonged bleak international scenario. At the time, the local business community continued to face instability in the euro and in the world financial markets as well as unrest in North Africa, in particular Libya. Through our internationalisation database we were quickly able to identify and contact the companies which were directly affected by the conflict and immediately appointed a high-level internal task-force. This committee kept a low profile and was given the task of drawing up a list of interventions that were required by the authorities. Following regular meetings on Monday mornings and continuous contact with Government, I am most satisfied to say that we were able to co-ordinate direct assistance for these affected businesses. We were also instrumental in facilitating visa arrangements for Libyan nationals whose presence in Malta was necessitated by Maltese counterparts.

In reverse, we drew up a list of members and their staff whose frequent travel to Libya was necessary and submitted this to the authorities for facilitation purposes."

He oversaw negotiations on the long drawn out rent and service charge issue with Malta Industrial Parks and dedicated a great deal of effort to battling the suspension of the Permanent Residency Scheme was against a proposal for compulsory gender quotas on boards"..

Stefano Mallia took over the Presidency from Tancred Tabone. Mallia began his career at the Chamber as National Affairs coordinator, freshly graduated from University in 1994. He was interviewed for the post in the Chamber's Council Room, which he describes as, "a room furnished and designed to transmit a sense of foreboding to any newcomer."

Francis Gera and Louis A. Farrugia had conducted the interview and, according to Mallia, they were "eager to convey the message that they wanted to invigorate the Chamber with 'young blood' as they put it and that the biggest challenge was to change the image of the Chamber from 'a club for old gentlemen' into something more dynamic." Mallia admits that working at the Chamber was not an environment "conducive to allowing young people to take any kind of leading role."

Stefano Mallia was appointed by Government to represent all employers on the European Economic and Social Committee having been nominated by the Malta Chamber. Mallia's brief presidency was in the midst of an electoral campaign during which the Malta Chamber made strong representations to the effect that political parties should not make unsustainable promises which would have a negative effect on the economy in the long run.

Following the change in administration Mallia started working towards building a good working relationship with the new administration. He recalls with great pride how for the first time in the Malta Chamber's history the Minister responsible for Commerce and Industry was invited to address members during the Annual General Meeting.

The current Chamber president, David G. Curmi, took over from Stefano Mallia in 2013. He takes stock of the position of the Chamber today as follows,

"The Malta Chamber of Commerce, Enterprise and Industry is proud of its leading role in representation of business on the Maltese Islands. Following the merger with the Malta Federation of Industry in 2009, the organisation now provides a visible, prominent, strong and single point of reference for all aspects of business to all stakeholders, including government, EU bodies, the diplomatic corps and foreign business representatives, amongst others. There



is hardly a body with the same dimension and diversity of members.

My election as president of the Malta Chamber coincides with the end of a quasi-uninterrupted twenty-five years of government leadership. The Malta Chamber looks forward to working closely with the incoming Administration to assist in the implementation of its economic programme and thereby ensure the highest benefit for the country and the business community.

As I declared upon my election, under my leadership, the Malta Chamber will continue to embrace a professional, constructive and non-confrontational approach. This approach always served the organisation well in the past and under my leadership, the Malta Chamber will continue to seek to convince the authorities through reasoned and researched positions."

Reginald Fava aptly sums up the commitments of a president of the Chamber,

"During my long span as elected member of the Chamber's Council, I witnessed the election and served under a considerable number of Chamber presidents. I can say that every president I have had the honour to work with, returns back to his private duties after completing his or her two year term and this is quite understandable.

Serving as president of this institution is no easy task. It is time-consuming and your numerous engagements and commitments do not leave you time to do much more. When shouldering the responsibilities that this office brings on you, your own business is bound to suffer to some extent and you long to go back to the helm of your affairs to run your own ship and steer it back to clear waters."

Over the years, Stefano Mallia was deeply involved in two of the major milestones of the Chamber – EU accession and the merger with the FOI. Today, he cannot imagine life without the Chamber,

"My relationship with the Chamber of Commerce started more than 15 years ago during which time period the Chamber has pretty much become an integral part of my life. Looking back it seems like I've been going to the Chamber almost every week of my life and yet each time I enter the 'Borsa' for one meeting or another, I inevitably find myself slowing down a notch or two in an effort to take in the history, elegance and prestige of the building and the institution itself. Somehow, for me it's difficult to imagine life without involvement in the Chamber.

To some 'outsider' this may of course sound a bit outlandish but today, having turned 40, rising from an employee and to have had the honour to serve as president, I have concluded that it is a sensation that can only be really understood by those privileged enough to have been actively involved in the 'life' of this institution."

All those who gave their contribution to this essay spoke of their time at the Chamber with enthusiasm, describing their involvement as a very rewarding and enriching experience. The success of an institution is ultimately the sum of its members and the interest that they have in it. Judging by the personal commitment that is evident in the words of these protagonists in its history, the Malta Chamber is robust and thriving.

<sup>1</sup> This essay brings together some thoughts and recollections of past presidents and other protagonists in the organisation's recent history. Wherever material is not referenced, this refers to information compiled and made available by the Malta Chamber.

<sup>2</sup> Laurence Grech, 'Exchange Gallery 3 – Mr Louis E. Galea F.I.B.', in *Commercial Courier*, 17 January 1983, pp. 22-23

<sup>3</sup> Ibid.

<sup>4</sup> All comments by J.G. Vassallo are based on an interview conducted by Malcolm J. Naudi.

<sup>5</sup> Carmel Vassallo, *The Malta Chamber of Commerce 1848-1979: an Outline History of Maltese Trade* (Malta, The Chamber of Commerce, 1998) p.111

<sup>6</sup> *Commercial Courier*, 1973

<sup>7</sup> Laurence Grech, 'Exchange Gallery 4 – Mr Adrian Busietta, FLSA, AMAS', in *Commercial Courier*, 7 February 1983, p.55

<sup>8</sup> *Times of Malta*, 6 June 1977

<sup>9</sup> Ibid.

<sup>10</sup> *Times of Malta*, 9 June 1977

<sup>11</sup> Vassallo, p.136

<sup>12</sup> *Times of Malta*, 16 December 1977

<sup>13</sup> *Times of Malta*, 9 January 1978

<sup>14</sup> Anthony Miceli Farrugia, 'President's Annual Address, 133<sup>rd</sup> Annual General

Meeting, 15 December 1981', in *Commercial Courier*, 18 January 1982, p.14

<sup>15</sup> Laurence Grech, 'Exchange Gallery 2 – Mr Anthony Miceli-Farrugia', in *Commercial Courier*, 20 December 1982, pp. 899

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Laurence Grech, 'Exchange Gallery 3 – Mr Louis E. Galea F.I.B.', in *Commercial Courier*, 17 January 1983, pp. 22-23.

<sup>20</sup> *Times of Malta*, 24 November 1982

<sup>21</sup> Ibid.

<sup>22</sup> *Commercial Courier*, 20 December 1982, p. 891.

<sup>23</sup> *Commercial Courier*, 19 December 1983, p.667

<sup>24</sup> *Commercial Courier*, 16 January 1984, p.9

<sup>25</sup> *Commercial Courier*, 5 November 1984, p.551

<sup>26</sup> All comments by J.R. Darmanin are based on an interview conducted by Malcolm J. Naudi.

<sup>27</sup> The firm Ramboll and Hannemann of Copenhagen, Denmark had been entrusted with the preparation of a report entitled 'The Study and Action Plan for the Restructuring of Malta's Manufacturing Sector'. The report had been commissioned jointly by the Chamber and the Malta Federation of Industry and financed by the Commission of the European Community.